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26 JAN 2003

Ellen S Fisher 01/26/2003 10:00:22 AM From DB/Inbox: AID

Cable Text:

UNCLAS AIDAC SECSTATE 20049

CXCAIRO:

ACTION: AID

INFO: POL ECON DCM

DISSEMINATION: AID /1

CHARGE: AID

VZCZCCRO573

PP RUEHEG

DE RUEHC #0049 0231620

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FM SECSTATE WASHDC

TO AID WORLDWIDE PRIORITY

BT

UNCLAS STATE 020049

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E.O. 12958: N/A

TAGS:

SUBJECT: PROCEDURES FOR IMPLEMENTATION OF CASH
TRANSFER GRANT AGREEMENTS

1. A RECENT AUDIT HAS IDENTIFIED SOME ISSUES IN USAID DESIGN AND MANAGEMENT OF CASH TRANSFER PROGRAMS. IN ORDER TO ADDRESS THESE ISSUES, ALL USAID/WASHINGTON BUREAUS AND MISSIONS, WHERE APPROPRIATE, WILL IMPLEMENT THE FOLLOWING NEW PROCEDURES ON ALL FUTURE CASH TRANSFERS.

2. THESE PROCEDURES ARE EFFECTIVE IMMEDIATELY, AND WILL BE INCORPORATED INTO FUTURE VERSIONS OF THE RELEVANT CHAPTER OF THE AUTOMATED DIRECTIVES SYSTEM (ADS). CURRENTLY CASH TRANSFER POLICIES ARE INCLUDED IN BOTH THE 200 AND 300 ADS SERIES; GC PLANS TO CONSOLIDATE ALL RELEVANT POLICY INTO ONE SERIES. NOTE THAT THESE PROCEDURES APPLY TO CASH TRANSFERS ONLY AND NOT OTHER FORMS OF NON-PROJECT ASSISTANCE.

3. THESE PROCEDURES ARE AS FOLLOWS:

PROCEDURE NO. 1 - OBTAINING THIRD PARTY AUTHORIZATIONS
ON CASH TRANSFER GRANT AGREEMENTS

(I) PRIOR TO AWARD, THE DESIGNATED PROGRAM OFFICE WILL CONDUCT AND DOCUMENT AN ANALYSIS TO ASSESS THE GRANTEE'S ABILITY TO COMPLY WITH THE REPORTING REQUIREMENTS IN THE AGREEMENT. A DECISION MEMO SUMMARIZING THE FINDINGS OF THIS ASSESSMENT AND

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RECOMMENDATION ON THE NEED FOR THIRD PARTY AUTHORIZATIONS (E.G., FROM GRANTEE'S CREDITORS) THAT MAY BE NECESSARY TO MONITOR THE GRANT AWARD, WILL BE SUBMITTED TO THE PROGRAM OFFICE CHIEF'S IMMEDIATE SUPERVISOR FOR APPROVAL. THIS WRITTEN ANALYSIS SHOULD TAKE INTO ACCOUNT THE FOLLOWING CRITERIA:

- A) THE PURPOSE (BALANCE OF PAYMENTS SUPPORT, DEBT BUY-DOWN, ETC.) AND/OR STRUCTURE (DIRECT PAYMENT TO CREDITORS, DIRECT TRANSFER TO CENTRAL GOVERNMENT BANK ACCOUNT, ETC.) OF THE CASH TRANSFER;
- B) THE AGREEMENT'S AUDITABILITY BY OIG AND/OR OTHER USG AUDITORS;
- C) THE GRANTEE'S PRIOR HISTORY OR LACK THEREOF WITH USAID CASH TRANSFER GRANT AGREEMENTS; AND
- D) POLITICAL CONTEXT AND U.S. FOREIGN POLICY IMPERATIVES

(II) IF THIRD PARTY AUTHORIZATIONS ARE DEEMED NECESSARY, THE DESIGNATED BUREAU OR MISSION WILL INCORPORATE A REQUIREMENT FOR THIRD PARTY AUTHORIZATIONS INTO THE GRANT AGREEMENT, PROGRAM IMPLEMENTATION LETTER, OR OTHER APPROPRIATE DOCUMENTATION. THE GRANTEE SHALL BE REQUIRED TO ISSUE LETTER(S) TO THE APPROPRIATE INSTITUTION(S) AUTHORIZING USAID ACCESS TO INFORMATION ESSENTIAL TO MONITORING THE TERMS OF THE GRANT AGREEMENT. THE GRANTEE WILL BE REQUIRED TO PROVIDE USAID WITH DOCUMENTATION THAT MAY INCLUDE COPIES OF THE AUTHORIZATION LETTERS AS EVIDENCE.

PROCEDURE NO. 2 - ENFORCEMENT OF GRANT REQUIREMENTS ON CASH TRANSFER GRANT AGREEMENTS

(I) GIVEN THE POLITICAL SENSITIVITY OF CASH TRANSFER GRANT AGREEMENTS, THE DESIGNATED PROGRAM MANAGER WILL, OVER THE LIFE OF THE AGREEMENT, PRESENT TO SENIOR MANAGEMENT QUARTERLY STATUS REPORTS ON GRANT IMPLEMENTATION. THE REPORT SHALL IDENTIFY ISSUES ON COMPLIANCE WITH GRANT REQUIREMENTS AND WITH GRANT MONITORING, AS WELL AS PROPOSED RESOLUTION OF ANY PROBLEMS.

4. THE SAME AUDIT IDENTIFIED ISSUES CONCERNING APPROPRIATE GRANT AGREEMENT LANGUAGE CONCERNING INTEREST EARNED FROM CASH TRANSFER. MISSIONS AND BUREAUS ARE HEREBY REMINDED THAT CURRENT POLICY AND APPROPRIATE LANGUAGE ON USE OF INTEREST-BEARING ACCOUNTS IS CONTAINED IN 94 STATE 205189, WHICH CAN BE FOUND IN THE ADS 200 SERIES.

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